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Chapter 5 – Procurement

5.1 General Procurement

The State's procurement laws are set in **29 Del. C. Chapter 69**. The procurement information below is a synopsis of pertinent prevailing information relating to the State's official Budget and Accounting policies. Please refer to the Delaware Code, OMB's website, and any online DOF accounting memoranda for additional information, governing laws, regulations, policies, and requirements.

5.1.1 Authority

The State of Delaware promulgates its own set of procurement and purchasing laws, regulations, requirements, and guidelines. The responsibilities for establishing and maintaining the procurement and purchasing policies are shared among OMB through Government Support Services (GSS); DOF through DOA; and the Contract and Purchasing Advisory Council (CPAC).

The GSS and the OMB Director set the policies governing:

- Small Purchase Competitive Pricing,
<http://gss.omb.delaware.gov/contracting/spp.shtml>
- Competitive Sealed Bids (Invitations to Bid - ITB),
<http://gss.omb.delaware.gov/contracting/agencyboiler.shtml>
- Requests for Proposal (RFP),
<http://gss.omb.delaware.gov/contracting/agencyboiler.shtml>
- Sole Source Procurement, <http://gss.omb.delaware.gov/bids.shtml>
- Multiple Source Contracting, <http://gss.omb.delaware.gov/bids.shtml>
- Cooperative Procurement Participations,
<http://gss.omb.delaware.gov/contracting/index.shtml>

DOA sets additional administrative rules for processing and recording transactions in the State's finance and accounting system FSF to ensure accurate and timely processing and reporting of the State's financial information. For more detailed transactions processing information, agencies should refer to **Chapter 7. Purchasing and Disbursements**, and to **Chapter 8. Miscellaneous Purchasing Requirements**.

The CPAC, together with the Contracting and Purchasing Committee, are responsible for monitoring the State's procurement policies and procedures, and for making recommendations to improve the processes. The Council also sets the dollar amount thresholds that trigger formal bidding procedures for the State's various contract procurement classifications. For more information about these classifications and thresholds, see **Section 5.3** below.

5.1.2 Purpose

The State created uniform purchasing policies to enable leveraged buying opportunities to increase the quantity and quality of data for spend analysis and to address deficiencies identified through benchmark analysis and annual audit findings. Additionally, it is in the State's interests to enact purchasing and procurement policies:

- Process purchase transactions in a uniform manner in the State's FSF financial and accounting system;
- Take advantage of Strategic Sourcing opportunities;
- Assure legal compliance with federal and state requirements;
- Identify additional benefits and savings;
- Safeguard the State's monies and assets;
- Assure only proscribed uses of the State's resources; and
- Maintain transparency in the application of state policy and practice for all potential and actual vendors, purchasers, and all other constituents.

5.2 Contracts and Contract Purchasing

To create a more efficient procurement process to better enable the State to obtain the highest quality goods, materials, and services at the best possible price, the GSS section of OMB is empowered to administer and manage central or joint purchasing contracts for state agencies.

5.2.1 State Contracts

The Contracting unit within GSS manages all statewide contracts for goods and services and administers agency contracts as requested. This team is the State of Delaware's central contracting unit. It acts on behalf of state agencies, local government units, authorized volunteer fire companies, and school districts.

GSS may negotiate with various manufacturers and distributors and award contracts that will enable State agencies, local governments, schools and school districts to purchase materiel at prices approved by the General Services Administration (GSA) of the United States. **(29 Del. C. §6935)** The protocol for acquiring needed goods and services off GSA schedules is available on the GSS website at: <http://gss.omb.delaware.gov/divisionwide/forms.shtml>.

All covered agencies (please refer to <http://delcode.delaware.gov/title29/c069/sc01/index.shtml#6902> to **29 Del. C. §6902** for the definition of agency) are required to procure goods and services through the Mandatory Use Contracts (MUCs) negotiated by GSS. The Agency Business Manager is responsible to ensure that all eligible purchases are made using MUCs.

NOTE: A list of the State's current Mandatory Use Contracts and contract numbers is available on the OMB/GSS website at <http://gss.omb.delaware.gov/contracting/index.shtml>.

Delaware State University, Delaware Technical Community College, the operations funded by public school districts, Delaware Transit Corporation, the Legislative Branch, and the Board of Pension Trustees and their consultants are specifically exempted from the requirement to use GSS-administered statewide contracts. However, these contracts remain available to them as a service to these agencies.

Additional information regarding agency exceptions to the State's purchasing and procurement policies can be found at **29 Del C. §6904**.

5.2.2 Agency Contracts

If no state contract exists for a certain good or service, covered and non-covered agencies may negotiate contracts for their own use. An agency may procure a good or service under another agency's contract as long as the arrangement is agreeable to all parties (**29 Del. C. §6904(e)**). For more information or assistance with negotiating agency contracts, contact GSS.

5.3 Small Purchase Procedures and Bidding Thresholds

The Contracting and Purchasing Advisory Council (CPAC) (**29 Del C. §6913**) establishes thresholds that trigger formal bidding procedures in the areas of Materiel and Non-Professional Services, Public Works, and Professional Services. In addition to the thresholds stated here, an Agency may institute policies that are more restrictive than those established by either code or by the council.

NOTE: For covered agencies, open market purchases are **only permitted for goods and services not already under contract.**

5.3.1 Materiel and Non-Professional Services Purchase Thresholds

In the case of Materiel and Non-Professional Services (M&NP), the dollar amount listed below is a yearly cumulative limit.

For those items not already under a State Mandatory Use Contract, purchases are made according to the following thresholds:

| | |
|---------------------|----------------------|
| Less than \$10,000 | Open Market Purchase |
| \$10,000 - \$24,999 | 3 Written Quotes |
| \$25,000 and over | Formal Bid |

Agencies should refer to the Contracting website at:
<http://gss.omb.delaware.gov/contracting/spp.shtml>, **for additional information.**

5.3.2 Public Works Thresholds

For purchases related to Public Works projects, the dollar amount thresholds listed below are on a contract by contract basis.

| | |
|---------------------|----------------------|
| Less than \$50,000 | Open Market Purchase |
| \$50,000 - \$99,999 | 3 Letter Bids |
| \$100,000 and over | Formal Bid |

Agencies should refer to the Contracting website at:
<http://gss.omb.delaware.gov/contracting/spp.shtml>, **for additional information.**

5.3.3 Professional Services Thresholds

For Professional Services purchases, the dollar amounts listed below are on a contract by contract basis.

| | |
|--------------------|--------------------|
| Less than \$50,000 | Open Market |
| \$50,000 and over | Formal RFP Process |

Agencies should refer to the Contracting website at:
<http://gss.omb.delaware.gov/contracting/spp.shtml>, **for additional information.**

5.4 Exceptions to Bid Laws

Any person who subdivides or fragments any contract, the probable cost of which would require competitive bidding, as directed by the Delaware Code or this Manual, into two or more contracts with the intent to avoid compliance with these bidding requirements shall be fined in accordance with **29 Del. C. §6903(a)**.

Materials may be purchased and work contracted to be performed without competitive bidding in the following instances:

1. The agency head may determine an emergency condition exists by reason of extraordinary conditions or contingencies that could not reasonably be foreseen and guarded against. An emergency condition creates an immediate and serious need for materiel, professional, or non-professional services that cannot be met through normal procurement methods for the protection of public health, safety, or property. (**29 Del. C. §6907**) Any procurement under this exemption is only permitted during the emergency situation and may not extend beyond the expiration of the emergency itself.

For the period during which a state of emergency is declared by the Governor, the Delaware Emergency Management Agency (DEMA) may incur or authorize other state agencies or local governments to incur obligations to purchase or to purchase immediately such materials and supplies as may be necessary to protect the health and safety of persons and property and provide emergency or disaster assistance to victims of a disaster. Such obligations and purchases shall be exempt from bidding provisions required by Chapter 69 of Title 29. (**20 Del. C. §3107(18)**)

In the case of a declaration of a state of emergency by the Governor, state agencies may implement their emergency or disaster assignments without regard to procedures required by other laws (except mandatory constitutional requirements) pertaining to the performance of public work, entering into contracts, incurring of obligations, employment of temporary workers, rental of equipment, purchase of supplies and materials, and expenditures of public funds. (**20 Del. C. §3126**)

2. A contract may be awarded without competition if the agency head, prior to the procurement, determines in writing there is only one source for the required contract. Sole source procurement shall not be used unless there is sufficient evidence there is only one source for the required contract, and no other type of goods or service will satisfy the requirements of the agency. The agency shall examine cost or pricing data prior to an award under this subsection. Sole source procurement shall be avoided, except when no reasonable alternative sources exist. A written determination by the agency for the sole source procurement shall be included in the agency's contract file. **(29 Del. C. §6904(i))** A copy of any such declaration shall also be forwarded to GSS with the contract documents for publication on the central contract portal **(29 Del. C., §6908(a) (4))** and **Executive Order #14 Section 8**.

Descriptions or specifications shall not use a brand or trade name except as an indication of the type and quality of materiel and in all such cases shall contain the words "or approved equal." All specifications shall seek to promote overall economy for the purposes intended and encourage competition in satisfying the agency's needs and shall not be unduly restrictive. **(29 Del. C. §6932)** An explanation justifying the award of a "sole source" contract or agreement must be included in the agency's contract file, as audit support for any subsequent purchase orders. **(29 Del. C. §6925(a), (b); §6965; §6985)**

3. Where, because of changed situations, unforeseen conditions, strikes and acts of God, change orders, supplemental agreements, or extra work determined to be necessary and requested by the agency and not specified in the agency's solicitation or advertisement for bids and in the awarded contract the awarding agency may issue a change order or supplemental work agreement(s) on a Public Works contract, which shall not:
 - Be subject to competitive bidding requirements; or
 - Invalidate the contract, provided the change is within the scope of the contract as set forth in the standard specifications, special provisions or similar publication of the agency.

20 Del. C. §6904(f); §6963)

4. Where the purchase of material is from the federal government or from any government of the State, including any agency of the State, as defined in **29 Del. C. §6902**. **(29 Del. C. §6904(b))** provided that such purchase is consistent with **16 Del. C., Chapter 96**, regarding Set Aside contracts and the provisions of **29 Del. C., §6935**. For additional information regarding Set Aside contracts, agencies should refer to <http://gss.omb.delaware.gov/contracting/csetaside.shtml>. GSS processes regarding the use of GSA contracts may be found at <http://gss.omb.delaware.gov/divisionwide/forms.shtml>.
5. Where the purchased material or work is necessary to enable the Department of Elections to conduct a primary, general, or special election. **(29 Del. C. §6904(l))**

6. Where the purchase of materials or services conflict or are inconsistent with a project or activity subject to federal grant requirements and may jeopardize the availability of federal funds. **(29 Del. C. §6904(a))**
7. Where the contracts are for the transportation of school children. All proposed contracts for transportation of school children are to be submitted to the State Board of Education by the Division of Transportation for their approval. **(29 Del. C. §6904(c))** Approval of a contract is by majority vote by the appointed members of the State Board of Education. Failure to obtain a majority vote shall cause the rejection of the contract.
8. Where the purchase is of library materials by school librarians, by the Division of Libraries, or any agency pursuant to **29 Del. C. Chapter 66. (29 Del. C. §6904(d))**
9. Where the purchase is of educational materials and supplies by a post-secondary educational institution participating in and benefitting from special educational discount and cooperative programs. **(29 Del. C. §6904(j))**
10. Where the purchased material will be used by DHSS's Delaware Industries for the Blind as raw material for goods which the program manufactures for resale, or the Business Enterprise Program of the Division for the Visually Impaired as supplies to operate the vending stands in the program. **(29 Del. C. §6904(g)(1))**
11. Where the purchase pertains to the rental, lease, and/or purchase of automobiles for state use:
 - a. All cars, heavy duty (taxi packages) cars, and station wagons purchased for state use must be purchased by contracts administered by OMB's GSS Fleet Services. All other vehicles must be purchased from bid lists approved by OMB's GSS Contracting Services. **(29 Del. C. §6906(a))** Bid specifications are developed by GSS with the concurrence of the OMB Director and the Controller General. The purchase of special purpose vehicles in excess of the restrictions established by the bid specifications requires the approval of the OMB Director and the Controller General. **(29 Del. C. §6906(b))** The special purpose vehicles of the Department of Public Safety, Division of State Police, the New Castle County Police and all Sussex County vehicles are exempt from these requirements. **(29 Del. C. §6906(f), (g))**
 - b. No agency shall purchase any passenger motor vehicle to be used for state purposes unless, on a one-for-one basis, a vehicle has been identified and/or turned over to the OMB's GSS Surplus Services for sale at auction or as salvage. This requirement may be waived by the Director of GSS, OMB Director, and the Controller General. Fleet vehicles may not be transferred from one department/school district to another department/school district without the approval of OMB's GSS Fleet Services. **(29 Del. C. §6906(e))** No agency shall lease passenger vehicles except from GSS. Exempt from this subsection are the Governor's car, agency employees traveling on

- out-of-state business, and GSS. **(29 Del. C. §7105(c))** Agency, as used in this section, is defined in **29 Del. C., §6902(1)**.
- c. Lease purchase agreements for passenger motor vehicles are prohibited. **(29 Del. C. §6906(d))**
 - d. Lease-rentals, except for the Governor's car and cars rented while on out-of-state business, are prohibited. Upon written request, the OMB Director, with the concurrence of the Controller General and the Director of Finance, may grant exemptions to the lease-rental restriction. **(29 Del. C. §6906(d))**
12. Where the agency determines professional services are necessary during the course of a previously awarded public works contract, and the agency determines it would be in the best interest of the State to procure additional or supplemental professional services from a firm already under contract for the project, provided such professional services are within the scope of the contract **(29 Del. C. §6981(b) (2))**.

5.5 Public Works Contracts

Any person who subdivides or fragmentizes any contract, the probable cost of which would require competitive bidding as directed by the Delaware Code into two or more contracts with the intent to avoid compliance with the State's procurement practices, shall be fined as directed by **29 Del. C. §6903 (a)**.

Public Works Contracts are divided into three classifications, each classification with its own purchasing requirements. Agencies should contact OMB's Facilities Management for more information or assistance negotiating Public Works Contracts. Plans require Facilities Management approval PRIOR to solicitation for vertical construction, **(29 Del. C., §7419 and 29 Del. C. §6307A)**. Public Works Contracts may be classified as:

Small – (less than \$50K – CPAC/ Facilities Management) – follow **§6922**; open market purchase (see M&NP, below); bid and performance bonds may be required. **(29 Del. C. §6927(a) (1))**

Medium – (\$50K - \$99,999 – CPAC/ Facilities Management) – three (3) letter bids; bid and performance bonds may be required.

Large – (greater than \$100K – CPAC/Facilities Management) – follow **§6962**; Material and work of a non-professional nature not performed by employees of an agency must be performed under contract after competitive bidding, except as noted otherwise in this Manual. **(29 Del. C. §6904(g))**

If the probable cost of a Public Works contract is expected to exceed \$50,000:

- ◆ The contract is awarded and associated purchases may only be made after public advertising and the receipt of sealed bids. **(29 Del C. §6904(g))**. The State issues an Invitation to Bid (ITB), per **29 Del C. §6923**, or a Request for Proposal (RFP), per **29 Del C. §6924**, as it deems appropriate. Agencies are required to retain proof of public advertising (a copy of the ad or the newspaper's invoice) and bid tabulations in the contract file as supporting documentation for purchase orders related to the awarded contract. Bids may require a deposit of good and sufficient bond to the State for a sum equal to at least 10 percent of the bid. **(29 Del. C. §6962(d)(8)(a))** Upon execution of a formal contract and bond, the security deposit is to be returned immediately to the successful bidder; securities from unsuccessful bidders are returned immediately upon award of the contract or the rejection of all bids, but no later than 30 days after the opening of bids. **(29 Del. C. §6927(c) and §6962(d)(8)(b))**
- ◆ Simultaneous to the execution of a formal contract, the successful bidder executes a good and sufficient bond to the State for the benefit of the agency in a sum equal to 100 percent of the contract price. An agency may reduce or waive such bond, if so stated in the bid specifications. **(29 Del. C. §6962(d)(9))**
- ◆ Agencies of the State are empowered to retain a percentage of the monies to be paid to a contractor during the performance of the contract. The percentage at any one time may not exceed 5 percent of the monies due to the contractor at that time. The rate or amount of retainage may be reduced at any time by the agency. **(29 Del. C. §6962(d)(5)(a))**.
- ◆ **Documentation** – Each agency and school must retain in their files all pertinent documents and correspondence relating to the bid process, in order that these supporting documents may be available for audit or review by a State official at all times. Documents are not to be kept at an architect's office, etc.
- ◆ If an agency determines that a bidder is nonresponsive or non-responsible, the determination shall be in writing and set forth the basis for the determination. A copy of the determination shall be sent to the affected bidder within five working days of said determination. The final determination shall be made part of the procurement file. If the agency elects to award on the basis of best value, the agency must determine that the successful bidder is responsive and responsible, as defined in this subsection. The determination of best value shall be based upon objective criteria that have been communicated to the bidders in the invitation to bid. **(29 Del. C. §6962(13))**.

5.6 Professional Services Contracts

"Professional services" means services which generally require specialized education, training or knowledge and involve intellectual skills. Examples of professional services include, but are not limited to, engineering, environmental engineering, environmental monitoring, land surveying, landscape architecture, geology, architectural, archaeologists, architectural historians, historians, educational consultants, management, medical, teaching, planning, computer information management, financial, accounting, auditing, construction management, and arbitration services. (29 Del. C. §6902(18))

5.6.1 Advertising

Any state contract for which an agency is a party with probable fees, including reimbursable expenses and amendments, greater than the threshold amount(s) established by the Contracting and Purchasing Advisory Council pursuant to § 6913 of this title for the completed job will be subject to the provisions of this subchapter. (29 Del. C. §6981(a))

Professional service contracts are to be publicly announced not less than once a week for a two consecutive week period in a statewide news publication. (29 Del. C. §6981(b))
Per the State's web-based procurement program, legal notices shall direct interested bidders to the agency websites. For additional information, agencies should refer to **Section 30(a) Epilogue in HB 190:**

For the purposes of meeting the public notice and advertising 1 requirements of 29 Del. C. c. 69, the announcement of bid solicitations and associated notices for the required duration on www.bids.delaware.gov shall satisfy the public notice and advertisement requirements under this chapter.

5.6.2 Evaluation and Negotiation

Agencies are required to evaluate current qualifications and performance data of prospective firms. Each agency must establish written administrative procedures for the evaluation of applicants.

After discussions with the firms regarding the proposed project, including the firm's qualifications, approach to the project, and ability to furnish the required services, the agency then ranks the qualified firms in order of preference based on criteria established in accordance with 29 Del. C. §6981(d), 29 Del. C. §6982(a), (b).

The agency will then negotiate for the professional services with the firm ranked first on the preference list. Should the agency be unable to negotiate a satisfactory contract with the firm ranked first on the preference list, at a price deemed fair and reasonable by the agency, negotiations with that firm shall be terminated.

The agency shall then undertake negotiations with the second ranked firm. Failing accord with the second firm, negotiations shall be terminated and the agency will negotiate with the remaining firms. After successful negotiations have been completed, the agency will prepare a public notice within 10 days after awarding the contract stating the firm selected. **(29 Del. C. §6982)**

5.6.3 Additional Provisions

1. All solicitations are required to be processed through www.bids.delaware.gov for formal above threshold procurements. The solicitation process is available through GSS at http://gss.omb.delaware.gov/contracting/documents/agencyboilers/agency_solicitations_lowchart.pdf.

A copy of all awarded/executed contracts are to be forwarded to GSS with the contract documents for publication on the central contract portal (29 Del. C., §6908(a) (4)) and Executive Order #14 Section 8.

2. Each contract for professional services will contain a prohibition against contingent fees. The agency shall have the right to terminate the agreement for the violation of this provision. (29 Del. C. § 6903)
3. For all lump-sum multiple of direct personnel expense or cost-plus-a-fixed-fee professional services contracts, the firm receiving the award is required to execute a truth-in-negotiation certificate. (29 Del. C. § 6982 (a)(2))
4. Each agency and school must retain in their files all pertinent documents and correspondence relating to the bid process, in order that these supporting documents may be available for audit or review by a state official at all times. Documents are not to be kept at an architect's office, etc.

5.7 Used Equipment

Any agency may purchase used equipment or other materiel by negotiated purchase, rather than by competitive bidding, as provided in this chapter, if it is demonstrated to the satisfaction of the agency head that the negotiated price is reasonable for the intended use. **(29 Del. C. §6934)**

- ◆ Purchases of used equipment costing \$5,000 or more but less than \$10,000 must be requested by letter to the OMB Director. The letter will include a detailed description of the item purchased, cost, useful life, purpose for which the item was acquired, and the name, address, and telephone number of the seller.
- ◆ All passenger vehicles, including sedans, station wagons, passenger and utility vans, off-road vehicles, police-type cars and station wagons and trucks rated 10,000 GVW or less purchased for state use by any agency/school district must be approved by the OMB Director and purchased by contracts administered by the GSS. All other vehicles purchased for State use by any agency/school district must be purchased from contracts administered by the Government Support Services. **(29 Del. C. §6906 (a))** Used vehicles employed by any agency for undercover operations may be purchased by negotiation rather than by competitive bidding, provided that the negotiated prices are approved by the OMB Director and the Controller General. **(29 Del. C. §6906)(c))**

All items costing \$10,000 or more must be presented to the OMB Director for approval.

NOTE: This procedure does not relieve the agency from obtaining other required approvals as described in this Chapter.

5.8 Leases

A lease is defined as a contract by which one conveys property for a specified term for a specified rent. It may be a straight lease (i.e. rental) or a lease-purchase through which the asset is required. A capital lease-purchase arrangement provides for the acquisition of fixed assets over a period of time during which the vendor of the leased property or a third party (as in the case in the State's Master Lease Program) provides the financing.

5.8.1 Lease/Purchase Criteria

Agencies may not procure independent 3rd party financing arrangements. The MMLPA contract administered by the State is a mandatory use contract. Lease contracts are not covered by the bidding laws of the State **(29 Del. C. Ch. 69)** since these laws refer only to purchases. However, the use of the word "lease", in and of itself, does not make a contract a lease arrangement.

Contracts, which are in substance purchases, are subject to the bidding laws. Factors, such as the intent of the parties and substance of the agreement, need to be examined to determine if a contract is a strict lease or in substance a purchase governed by the bidding laws. Factors to be considered in determining if a contract is a lease-purchase are:

- ◆ Substantial Equivalence – If the State is bound to pay rent substantially equal, in total, to the value of the goods being leased, and the State's only sensible course of action at the end of the lease is to become owner of the goods, the contract is considered a purchase;
- ◆ Option to Purchase – If the lease provides that at the end of the lease period, the State has an option to purchase at a cost which is disproportionately small in relation to the rental already paid, this is an indication the contract is, in substance, a purchase;
- ◆ Obligation to Repair and Maintain – A contract entered into by the State to retain possession of goods during the lease period and to repair and maintain the goods, indicates the contract is a purchase; and
- ◆ Risk of Loss – The acceptance by the State of the risk of loss during the lease period requiring the State to carry insurance on such risk can indicate the contract is a purchase.

The last two factors, i.e. obligation to repair and maintain and risk of loss, are factors to be considered in determining if a contract is for a purchase. They are not conclusive tests. Also, the above listed factors are not all inclusive. Lease contracts, entered into with the intent to convert to a lease-purchase later, should be bid.

5.8.2 Leasing Options

Leasing equipment may be appropriate when the equipment is expected to have a very short useful life and there is, therefore, no economic reason to acquire it. At times, leasing certain equipment may be cheaper in the aggregate, if service contracts and supplies are included at a discount rate.

NOTE: All leases must carry tax-exempt financing rates.

The GSS section of the OMB maintains a Master Municipal Lease Purchase Program which offers very economic lease rates and terms. Current rates can be obtained by contacting GSS.

Covered agencies are required to use the Master Lease Purchase Program, unless the agency can demonstrate a rationale for using an alternative vendor. Any alternative vendor(s) must be approved, on a case by case basis, by GSS prior to contracting to lease.

Non-covered agencies (Transportation Authority, Transportation Trust Fund, public school districts, Legislative Branch and the Board of Pension Trustees) must conduct an analysis of available financing alternatives from several potential vendors and select the vendor with the lowest financing cost.

The lessee agency is responsible to ensure all proper documentation is prepared, including Federal form 8038. The Secretary of Finance is the only authorized signatory for this form. Each agency must forward the Federal form 8038, with the appropriate background information, to the Office of the Secretary of Finance (Attention: Director of Bond Finance). The form will be reviewed, signed, and returned to the lessee agency for filing.

For aggregate amounts greater than \$3 million, the Director of Bond Finance in the Office of the Secretary of Finance must be consulted to determine whether a more economic manner to finance the proposed equipment should be considered.

By its nature, leasing represents the most expensive form of finance capital to the State. Equipment that has less than a 10-year life should be paid for with operating (non-bond) funds. Equipment that has at least a 10-year life may be eligible for purchase with general obligation bond funding and should be incorporated in the agency's capital budget funding request. **Under no circumstances shall general obligation bond authorization be used for lease payments.**